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SUBJECT: A CONSERVATIVE MEGACONFERENCE TAKES PLACE IN LEFT-LEANING
ARGENTINA

¶1. (U) Summary. Argentine think tank the Liberty Foundation celebrated its twentieth anniversary March 26-28 with an international seminar drawing over 300 participants from around the region and Spain. Participants included noted author Mario Vargas Llosa as well as five ex-Presidents of Latin America: Vicente Fox (Mexico); Jorge Quiroga, (Bolivia); Osvaldo Hurtado (Ecuador); Francisco Flores (El Salvador); and Luis Alberto Lacalle (Uruguay). During the conference, the five presidents gave presentations where they discussed the gains Latin America has made over the last decade, the rise of illiberal democracy, the region's development challenges, and the measures Latin America needs to undertake to sustain growth. The conference took place in Rosario, Argentina's second-biggest industrial center and a "Socialist" party bastion, and was noteworthy for presenting contrarian, conservative views in a country that is majority-left. Unfortunately, a bus carrying Vargas Llosa and other conference participants was stoned and detained by protesters who then smashed all its windows, highlighting the challenges faced by those expressing conservative political views in Argentina. End summary.

¶2. (U) On March 26, five ex-Presidents of Latin America addressed an audience of 300 center-right intellectuals, political officials, and policy wonks on the challenges and opportunities in Latin America. Vicente Fox (Mexico); Jorge Quiroga, (Bolivia); Osvaldo Hurtado (Ecuador); Francisco Flores (El Salvador); and Luis Alberto Lacalle (Uruguay) each gave presentations. Noted Peruvian author Mario Vargas Llosa moderated the panel. The session was the highlight of a two-day event that brought together conservative thinkers from all over the region, as well as the United States and Europe, to discuss contemporary Latin American issues.

Gains Latin America Has Made over the last Decade

¶3. (U) Fox began by noting the tremendous strides Latin America has made over the last ten years: poverty in Latin America decreased ten percentage points, and poverty in Mexico decreased by 30%. He credited the region's success to trade liberalization, noting that NAFTA has helped transform Mexico into the seventh largest trading economy in the world. He noted that a study by investment firm Goldman Sachs predicted that, by 2040, the U.S. economy would be eclipsed by China and India, and that Japan and Mexico would round out the top five economies. He cautioned, however, that the prediction could be true for the region as well if Latin America gets the fundamentals right by defending liberal democracy and establishing "responsible market economies."

¶4. (U) Flores agreed with this assessment, adding that free trade agreements, open economies, and regional integration have been a catalyst for economic growth. By following this policy prescription, poverty decreased by 20% in Central America in the last 10 years, he said. Hurtado argued that the policies advocated by the "Washington Consensus," when applied correctly, were not at all bad. He held up Chile as the model example, and cited other regional gains: life expectancy in Latin America has increased to 70

years, children have improved access to education, social programs have increased. He argued that the region must defend and deepen market reforms in order to sustain this "virtuous circle." Latin America still lags behind all other regions in terms of commerce, investment, and international influence, he cautioned.

Rise of Illiberal Democracy

¶5. (U) Despite Latin America's progress in recent years, Flores expressed concern over the rise of illiberal democracy. He warned that populist demagogues are destroying liberal democracy with its own resources, in Venezuela and elsewhere. Bolivia, Nicaragua, Ecuador, and now even in El Salvador, he said, there are leaders who use popular elections to give them the cloak of legitimacy. Once in power, they seek to dismantle democracy by introducing constitutional reforms to stay in power, limiting press freedoms, silencing the opposition, promoting class divisions, and provoking North-South conflict. To appease the private sector, they simply co-opt the business community. As a result, the private sector courts the new leadership in the hopes of preserving and expanding business interests. It is a new version of authoritarianism that did not arise from revolution, but rather by popular vote, he observed. As a result, other countries mistakenly view these developments as an expression of the popular will. However, a free society cannot elect to become a dictatorship, he argued.

¶6. (U) Flores attributed Chavez's rise and consolidation of power to the breakdown and de-legitimization of traditional political parties. For too long, political parties have been the only means to access power. As parties concentrated power, public resources became the sole property of political parties. As corruption took hold, disillusioned citizens stopped participating in the parties,

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which further impeded party reform and a revitalization of party leadership. As the public becomes increasingly disenchanted with the electoral system, it has resulted in public demonstrations demanding that we "get rid of all of them." The resulting political vacuum is then filled by the radical left, he argued.

¶7. (U) Hurtado agreed, adding that the "fastest way to get rid of democracy is to destroy political parties." Countries in the region that are doing well have solid political parties. He stressed that political parties must first be rebuilt before countries in the region can tackle their remaining challenges. Both Quiroga and Lacalle agreed with this point, and underscored the importance of participating in the political process.

¶8. (U) Lacalle called on governments that are elected democratically to govern democratically. He stated that when a government loses an election, it should accept the results. Peaceful transition of power is the hallmark of a functioning democracy. We must be careful, he warned, not to succumb to the tyranny of the masses that overthrows governments by taking to the streets to demand that an elected government resigns. He made a case for the elimination of the possibility of reelection, saying that in Uruguay, a president has 60 months to get the job done and get out.

Chavez Oil Trumps All

¶9. (U) Quiroga agreed that Chavez and other populist demagogues pose a threat to the region, and expressed frustration over what he characterized as "OAS and EU reticence to criticize Chavez." When Chavez closed RCTV and proposed constitutional reforms to allow for indefinite reelection, no one at the OAS said a word. He attributed this to Venezuela's vast petroleum reserves. He argued that even the USG is compelled to "put up with Chavez" because of U.S. dependence on Venezuelan oil. Quiroga stated that the only people who can stand up to Chavez are the people of Latin America. He stressed that it was not a matter of right versus left, but a matter of principle. He asked, rhetorically, "does Latin America want to

be ruled by law or by caprice?"

Rule of Law

¶10. (U) Hurtado also stressed the importance of the rule of law, noting that the separation of powers and maintaining checks and balances are key. Lacalle added that Latin America should replace its patronage politics and culture of entitlement with the U.S. concept of government accountability to the "taxpayer." He exhorted governments to spend wisely, saying that "governments will be judged by how well they spend, rather than by how much they spend."

Need Investment in Physical and Human Infrastructure

¶11. (U) Fox observed that additional challenges to the region's development include lack of investment in physical infrastructure and human capital. He noted the region's growing energy needs, and praised Brazil for developing a comprehensive energy policy that includes alternative energy. He noted the positive role public/private partnerships can play in infrastructure modernization, citing Mexico's experience in securing private financing for publicly-administered housing, ports, roads, and airports. Hurtado noted the importance of fine-tuning social policy to benefit not only the poor, but also the middle class. In particular, he advocated greater funding to improve the quality of public schools, so that more members of the middle class see concrete benefits to sending their children to public schools.

Organized Crime as a Threat to Democracy

¶12. (U) Fox highlighted organized crime and narcotrafficking as a serious threat to the region's democracy. He indicated that Mexico's war against organized crime and drug trafficking is sincere. He defended Calderon's decision to use the military, instead of the police, to take on drug traffickers, saying that Mexico has no other choice. He noted that other countries have had to take similar measures to protect their democracies. Fox praised Uribe for Colombia's March 1 operation against the FARC in Ecuador. There is no excuse for guerillas to be in Ecuador, he said, adding that there are clear signals that Chavez is involved.

Principle of Non-intervention & Regional Hypocrisy

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¶13. (U) Commenting on the region's long-standing commitment to the principle of non-intervention, Lacalle stated that the region has used this principle as an excuse to turn a blind-eye to the peccadilloes of their neighbors. He said it was hypocritical for countries to condemn Colombia for its operation against FARC terrorists in Ecuador, and not condemn FARC terrorist operations in Colombia, Ecuador, and Venezuela. He added that it was hypocritical for countries to condemn U.S. involvement in Iraq and remain silent when Castro and Chavez meddle in the internal political processes of other countries.

Don't Mix Politics with Economics

¶14. (U) Lacalle went on to say that the United States has been a leader in promoting shared democratic values. He advised the audience not to confuse the United States with the Department of State, arguing that a nation is not the same as its foreign policy. He stressed, to great applause, that it is okay to cooperate and trade with the United States, and still voice opposition to the war in Iraq. He also cautioned against injecting political ideology into Mercosur. He stated that it is ironic that the grouping was

moving forward with a Mercosur Parliament when it could not even address economic and energy integration.

Latin America can only Look to Itself for Answers

¶15. (U) As the panel came to a close, Hurtado noted that Latin America has always complained that the region's development lagged behind the rest of the world due to unfavorable terms of trade. Now that economic winds favor Latin America, if countries don't take advantage of this opportunity by strengthening democracy, opening economies, and improving education, the region will have lost another opportunity, and Latin America will only have itself to blame. Lacalle concluded the panel by observing that Latin Americans have been "prisoners of the past" for too long. He stated, "I do not want to be a son of the past. I want to be a father of the future."

¶16. (SBU) The conference was noteworthy for presenting contrarian, conservative views, in a country that is majority-left. It took place in Rosario, Argentina's second-biggest industrial center and the leading port for soy and other agricultural exports, at the height of the farmers' strike triggered by the GOA's announcement of quasi-confiscatory taxes on grain exports -- hardly the sort of measure that would be endorsed by the crowd at this conference. Rosario is also run by a Socialist mayor and is in a Socialist-run province, but both the governor and mayor attended and supported the conference. Media coverage of the conference focused on some of the unfortunate violence it elicited: a bus carrying Vargas Llosa and other conference participants was stoned and detained by protesters, who then smashed all its windows.

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